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REPORT OF THE AD HOC GROUP ON THE BERLIN MANDATE ON THE WORK OF ITS FOURTH SESSION, GENEVA, 11 - 16 JULY 1996

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I. OPENING OF THE SESSION
(Agenda item 1)

1. The fourth session of the Ad Hoc Group on the Berlin Mandate (hereinafter referred to as "the AGBM") was held at the Palais des Nations, Geneva from 11 to 16 July 1996.

2. The Chairman of the AGBM, Ambassador Raúl Estrada-Oyuela, opened the session at the 1st meeting, on 11 July 1996. In welcoming the participants, Ambassador Estrada recalled that Parties were now halfway through the time period for preparing a protocol or another legal instrument. In this context, he expressed concern at the lack of progress made by some Annex I Parties in returning their emissions to 1990 levels and at the perception of some Parties that commitments did not extend beyond the year 2000. Ambassador Estrada re-affirmed that developing countries would not be subject to additional commitments under the Berlin Mandate. He observed that when developed countries accepted and complied with adequate obligations, and when they had facilitated financial support for developing countries to meet their commitments, the time would possibly come when developing country Parties would be in a position to enter into new obligations. In noting the variety of proposals before the Group on policies and measures and quantified emission limitation and reduction objectives (QELROs), the Chairman recalled the option of considering criteria for differentiation between Annex I Parties. The Chairman drew attention to the apparent preference in the Group for a draft protocol, but noted that the continuing divergence of views on the majority required for its adoption meant that an amendment remained an option. He concluded by expressing his hope that the Group was now ready to start negotiations.

3. Statements were made on behalf of environmental and business/industry non-governmental organizations.

II. ORGANIZATION OF WORK
(Agenda item 2)

A. Adoption of the agenda
(Agenda item 2 (a))

4. The AGBM, at its 1st meeting, on 11 July, adopted the following agenda:

1. Opening of the session.

2. Organization of work:

   (a) Adoption of the agenda;

   (b) Organization of the work of the session.

3. Strengthening the commitments in Article 4.2(a) and (b):

   (a) Policies and measures;

   (b) Quantified emission limitation and reduction objectives within specified time-frames.

4. Continuing to advance the implementation of Article 4.1.

5. Possible features of a protocol or another legal instrument.

6. Taking stock and intensifying efforts: report to the Conference of the Parties.

7. Report on the session.

B. Organization of the work of the session
(Agenda item 2 (b))

5. At the 1st meeting of the AGBM, on 11 July, the Chairman recalled that there would be services available for seven meetings, with interpretation from 10 a.m. to 1 p.m. and from 3 p.m. to 6 p.m. The AGBM agreed to take up agenda items 3 (a) and (b) together and to proceed on the basis of the schedule of work proposed by the Chairman.

6. The AGBM, at its third session, had requested the Chairman to convene informal round tables on policies and measures and QELROs. The round table on policies and measures, chaired by AGBM Vice-Chairman Mr. Suphavit Piamphongsant, and the round table on QELROs, chaired by AGBM Vice-Chairman Mr. Dan Reifsnyder, were held on 12 July. A third round table, on the possible impacts on developing country Parties of the new commitments to be negotiated for Annex I Parties, was held on 15 July. The Chairman noted that he had called on a member of the non-governmental community, Dr. Kilaparti Ramakrishna, to chair the round table on possible impacts.

7. The Chairman, after consultations with the Bureau, had requested the secretariat to seek a legal opinion from the United Nations Office of Legal Affairs on the meaning of Article 17.2 of the Convention. The Chairman requested that this opinion be circulated to members of the AGBM.

C. Attendance

8. For attendance at the fourth session of the AGBM, see the report of the Conference of the Parties on its second session, Part One, chapter II, section J (FCCC/CP/1996/15).

D. Documentation

9. The documents prepared for the AGBM at its fourth session are listed in annex II below.

III. STRENGTHENING THE COMMITMENTS IN ARTICLE 4.2(A) AND (B)
(Agenda item 3)

1. Proceedings

10. At its 2nd and 3rd meetings, on 15 and 16 March, the AGBM considered item 3. As previously noted, items 3 (a) and (b) of the provisional agenda were considered together. The Group had before it documents FCCC/AGBM/1996/5, FCCC/AGBM/1996/6, FCCC/AGBM/1996/7, FCCC/AGBM/1996/MISC.1/Add.1-3, and FCCC/AGBM/1996/MISC.2 and Add.1. Statements were made by representatives of 27 Parties, including one speaking on behalf of the European Community and its member States, and another speaking on behalf of the Alliance of Small Island States (AOSIS).

11. The Chairman of the informal round tables on policies and measures, Mr. Suphavit Piamphongsant (Thailand), and the Chairman of the informal round table on QELROs, Mr. Dan Reifsnyder (United States of America), reported on the results of the round tables at the second meeting of the AGBM, on 15 July. The Chairman of the informal round table on the possible impacts on developing country Parties of the new commitments to be negotiated for Annex I Parties, Dr. Kilaparti Ramakrishna, of The Woods Hole Research Centre, reported on the results of the round table at the third meeting of the AGBM, on 16 July.

12. The Chairman of the Annex I Experts Group on the UNFCCC, Mr. Ian Pickard (United Kingdom of Great Britain and Northern Ireland), made a statement with regard to the work of that group.

2. Conclusions

13. On the basis of a proposal by the Chairman, the AGBM, at its 4th meeting, on 16 July, adopted the following conclusions.

14. The AGBM expressed its appreciation to the Chairmen, panellists and participants of the three round-table discussions on (a) policies and measures, (b) QELROs, and (c) possible impacts on developing country Parties of the new commitments to be negotiated for Annex I Parties. The AGBM found the round tables to be very useful, and took note of the reports of the Chairmen of the round tables, included as annex I to this report.

15. The AGBM noted that the elaboration of policies and measures and the development of QELROs were linked, and that the final product of its work should reflect both policies and measures on the one hand and QELROs on the other.

16. The AGBM renewed its discussion of approaches and criteria for the elaboration of policies and measures. Two general approaches continued to be the main subject of discussion:

(a) A "menu approach", under which the protocol or another legal instrument could provide for a detailed listing of policies and measures, from which Annex I Parties could choose on the basis of their national circumstances. This approach could include appropriate procedures for the communication and review of information; and

(b) A mandatory approach, under which the new legal instrument would require certain common and/or coordinated policies and measures. One proposal was to develop separate annexes setting forth:

(i) mandatory policies and measures,

(ii) coordinated policies and measures, and

(iii) optional policies and measures.

Some delegations argued that there was no set of policies and measures appropriate for all Annex I Parties, and that Parties should instead be allowed to choose those policies and measures best suited to their national circumstances. Others contended that some desirable policies and measures would not be undertaken by individual countries unilaterally because of competitiveness concerns, and must be agreed on internationally.

17. A number of criteria were identified for assessing policies and measures, including: potential to limit greenhouse gas emissions and enhance sinks; socio-economic and environmental costs and benefits as well as impact on short- and long-term economic growth, including on developing countries; political feasibility; and the need for common or coordinated action. A number of informative studies of policies and measures were brought to the attention of the AGBM, including work done by the Annex I Experts Group, as well as proposals from the European Community and its member States for policies and measures to be included in a protocol or another legal instrument.

18. The AGBM noted that a number of key issues must still be addressed regarding QELROs. These issues include:

(a) The levels of emissions reductions, and criteria for their choice;

(b) Whether QELROs should be legally binding or not;

(c) Whether multi-party or single-party obligations should be pursued;

(d) What should be the base and target years;

(e) The socio-economic and environmental costs and benefits for all Parties, including developing country Parties; and

(f) The effect on atmospheric greenhouse gas concentrations.

19. Several delegations said that the Second Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) provides scientific support for establishing ambitious QELROs and that significant reductions in greenhouse gas emissions from 1990 levels would be necessary to stabilize atmospheric concentrations of greenhouse gases at a safe level. Several delegations supported the QELROs contained in the AOSIS protocol proposal. Other delegations argued that further work was needed, noting that considerable uncertainties remained regarding the costs and impacts of emission reductions, and that the AGBM must develop realistic, achievable and equitable objectives.

20. A number of delegations emphasized the importance of allowing flexibility in the design and implementation of QELROs. Among the mechanisms suggested to promote flexibility were the following: the comprehensive approach, encompassing all sources and sinks of greenhouse gases; long-range QELROs; QELROs focusing on cumulative emissions over a number of years; and joint implementation and tradeable emission permits among Annex I Parties only.

21. Many delegations expressed support in principle for differentiation of commitments (possibly including the use of different base years), in order to take account of differing national circumstances and to ensure that QELROs would be equitable and economically efficient. Some delegations, however, questioned whether it would be practicable to agree on the criteria and modalities for differentiation within the time-frame for negotiations set forth in decision 1/CP.1*, and suggested that the AGBM should instead focus on uniform QELROs. A number of delegations expressed support for a simplified approach to differentiation, under which Annex I Parties would be divided into several groups with different binding commitments for each group. Other proposed approaches to differentiation included the following:

(a) differential baseline years;

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* See document FCCC/CP/1995/7/Add.1.

(b) emissions limitations adjusted for population growth and/or emissions embodied in trade;

(c) differentiation to achieve equivalent welfare changes between Parties;

(d) differentiation based on emissions per capita or per unit of gross domestic product;

(e) differentiation based on the ratio between renewable energy supply and total energy consumption;

(f) differentiation based on a Party's historical contribution to the climate change problem;

(g) differentiation based on a Party's projected emission trends; and

(h) market-based differentiation using joint implementation or tradeable emission reduction obligations amongst Annex I Parties.

The AGBM looked forward to further concrete proposals regarding uniform QELROs, and possible criteria and modalities for differentiation.

22. The importance of considering the possible impact on developing country Parties of the new commitments to be negotiated for Annex I Parties was emphasized by many delegations. Some delegations argued that costs to developing countries of new commitments by Annex I Parties would be high relative to the benefits. The issue of burden sharing should be expanded to include all Parties and to include options to minimize any potential negative impacts on non-Annex I Parties. A number of informative studies on the impacts on developing countries of measures by Annex I Parties were highlighted. Many delegations noted that non-action was not an option, and urged early action by Annex I Parties in order to avoid negative economic, social and environmental impacts on developing countries in the long term.

23. The AGBM agreed that there should be follow-up to consider further the possible impacts on developing country Parties of new commitments for Annex I Parties. The Chairman undertook to consult with delegations about how this follow-up would be carried out before and during the next session.

IV. CONTINUING TO ADVANCE THE IMPLEMENTATION OF ARTICLE 4.1
(Agenda item 4)

24. Consideration of this item was deferred until the fifth session.

V. POSSIBLE FEATURES OF A PROTOCOL OR ANOTHER LEGAL INSTRUMENT

(Agenda item 5)

1. Proceedings

25. The AGBM considered this matter at its 1st meeting on 11 July 1996. The Group had before it documents FCCC/AGBM/1996/6, FCCC/AGBM/1996/MISC.1/Add.1 and 2 and FCCC/AGBM/1996/MISC.2 and Add.1. Statements were made by representatives of 16 Parties, including one speaking on behalf of the European Community and its member States and one speaking on behalf of AOSIS.

2. Conclusions

26. On the basis of a proposal by the Chairman, the AGBM at its 3rd meeting, on 16 July, adopted the following conclusions.

27. Many delegations stressed that the form of the protocol or another legal instrument to be adopted by the Conference of the Parties at its third session should flow from its substance and that the AGBM should therefore concentrate on the substantive provisions of the agreement.

28. The AGBM reaffirmed the principle of institutional economy and the need to avoid the proliferation of new bodies and mechanisms under a protocol or another legal instrument. Accordingly, it agreed that the new instrument should, to the greatest extent possible, be served by the existing institutions and mechanisms of the Convention, including in particular the Convention secretariat and possibly the subsidiary bodies. There was also support for having a single process for the communication and review of information. The AGBM expressed interest in exploring the possibility of having a single Conference of the Parties and a streamlined budgetary process for the Convention and the new legal instrument, subject to the understanding that only Parties to the new legal instrument would be able to vote on decisions relating to that instrument.

29. Many Parties stated their preference that the form of the instrument should be a protocol. Some delegations reaffirmed support for the protocol outline and the use of annexes proposed by the European Community, and some expressed support for the protocol proposed by AOSIS. Several countries continued to reserve their position about the form of a legal instrument pending decisions by the Conference of the Parties regarding the rules of procedure and by the AGBM concerning the substance of the new instrument.

30. It was stressed that the protocol or another legal instrument should be a simple document which supplemented the Convention. Several delegations reaffirmed their support for the inclusion of legally-binding QELROs.

31. Several delegations stressed that the protocol or another legal instrument should be open only to Parties to the Convention, and observed that a regional instrument cannot provide a durable solution to the global problem of climate change. Some delegations also noted that the new legal instrument should have sufficient flexibility to reflect differing national circumstances, possibly through the inclusion of differentiated commitments.

32. A number of delegations emphasized that the new instrument should be designed to evolve in the light of new developments and scientific advice. This could involve, for example, the establishment of a mechanism to review the provisions of the instrument and to make any necessary decisions and adjustments. There was also mention of a strengthened in-depth review process and of a mechanism to accumulate experience in activities implemented jointly.

VI. TAKING STOCK AND INTENSIFYING EFFORTS: REPORT TO THE CONFERENCE OF THE PARTIES

(Agenda item 6)

1. Proceedings

33. The AGBM considered this matter at its 3rd and 4th meetings on 16 July 1996. Statements were made by representatives of three Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

34. On the basis of a proposal by the Chairman, the AGBM at its 4th meeting, on 16 July, adopted the following conclusions.

35. The AGBM had made valuable progress over the past year in advancing understanding of the options available for a protocol or another legal instrument and of their implications. However, much work still needed to be done and the AGBM must now intensify its efforts to complete a new legal instrument in time for adoption by the Conference of the Parties at its third session.

36. Thus far, the work of the AGBM had focused on analysis and assessment, and this process would continue. The emphasis of the work of the AGBM must now move progressively towards negotiation, as mandated by decision 1/CP.1.

37. The AGBM invited Parties to submit further concrete proposals on policies and measures, QELROs, and other possible features of a protocol or another legal instrument, by 15 October 1996.

38. The Chairman undertook to produce, with the assistance of the secretariat, a contribution to the fifth session that would synthesize all proposals made to date, including those received up to 15 October 1996. He expressed the hope that this contribution would provide a useful framework for discussion at the fifth session and that it would be a step towards the development of a negotiating text.

39. The AGBM welcomed the proposal of the Chairman that he make an oral report to the Conference of the Parties at its second session on the progress achieved in the AGBM. This report would be factual, drawing on the reports of the AGBM at its first, second and third sessions as well as on the conclusions adopted at this session.

VII. REPORT ON THE SESSION
(Agenda item 7)

40. At the 3rd meeting, on 16 July, the Rapporteur presented the first part of the draft report of the session (FCCC/AGBM/1996/L.2). The AGBM considered and adopted the report.

41. At its 4th meeting, on 16 July, the AGBM requested the Rapporteur, under the guidance of the Chairman and with the assistance of the secretariat, to complete the report, taking into account the discussions of the AGBM, the conclusions on agenda items 3, 4, 5 and 6 (FCCC/AGBM/1996/L.2/Add.1), and the need for editorial adjustments.

42. The Chairman, after thanking all participants for their constructive cooperation, declared the fourth session of the AGBM closed.

Annex I

REPORTS FROM THE CHAIRMEN OF THE ROUND TABLES

I. Report by Mr. Suphavit Piamphongsant, Chairman, informal round table on policies and measures

1. I am pleased to report on the results of the informal round table on policies and measures, which was held on the morning of 12 July. At the opening of the round table, I invited initial comments by the five panellists: Dr. J. Pershing, Science Officer, Office of Global Change, Department of State, USA; Dr. B. Metz, Deputy Director, Air and Energy Division, Ministry of Housing, Spatial Planning and the Environment, Netherlands; Professor M. Sadowski, Head of the Climate Protection Centre, Institute of Environmental Protection, Poland; Mr. I. Abdelgelil, Chairman, Organization for Energy Conservation and Planning, Egypt; and Mr. V. Sharma, Joint Secretary, Ministry of Environment and Forests, India. Following these initial comments, the floor was opened for comments and questions by delegates and representatives of non-governmental organizations.

2. There was broad agreement among participants that Parties should have considerable flexibility in deciding which policies and measures to adopt, based on their particular starting points, economic structures and resource bases, and other national circumstances. But although panellists agreed that policies and measures should not be required internationally in cases where national action is possible, they disagreed about whether national action is in all cases adequate or whether some measures need to be mandated internationally.

3. Supporters of the former view contended that the protocol or another legal instrument should elaborate a menu of policies and measures, from among which Parties may choose. In support of this approach, it was suggested that no single set of policies and measures is appropriate for all Annex I Parties. A menu approach would allow Parties to meet the goals of the Convention in the manner best suited to their national circumstances. One panellist emphasized that it is most efficient for governments to establish general goals and then allow the private sector and the market to decide how best to achieve those goals.

4. Other participants contended that some desirable policies and measures will not be taken by individual countries unilaterally (for example, for competitiveness reasons), and must be agreed on internationally. Therefore, a protocol or another legal instrument should set forth a limited number of required or harmonized policies and measures. One approach would be to include separate annexes setting forth:

(a) A limited list of required policies and measures;

(b) A broader list of policies and measures that should be harmonized; and

(c) A still broader list of policies and measures from among which Parties may choose.

5. Participants generally agreed on a number of criteria for selecting policies and measures, including their potential to limit net greenhouse gas emissions, their economic cost, their political feasibility, and the need for common or harmonized action (for example, where competitiveness concerns may inhibit national action). Among the possible priority areas for policies and measures, participants mentioned:

- "no regrets" strategies
- renewable energy
- product standards (for example, for cars and appliances)
- industrial sectors with high energy demand
- HFCs/PFCs
- the international air and marine transport sector
- economic/fiscal instruments (for example, to internalize the external costs of road transport)
- reductions in subsidies (for example, coal)
- financing mechanisms for economies in transition.

6. While many of these focus on the energy sector, it was noted that the Convention addresses climate change in a comprehensive manner, encompassing all sources and sinks of all greenhouse gases; therefore, policies and measures should not focus on a particular sector or greenhouse gas to the exclusion of others. Reservations were also voiced about the desirability and political feasibility of carbon taxes.

7. Among the other points raised during the course of the round table were the following:

- Policies and measures to combat climate change should be elaborated in a spirit of international solidarity and cooperation;
- In elaborating policies and measures for Annex I Parties, consideration must be given to their impacts on non-Annex I Parties and, in particular, their trade impacts. This was the subject of a separate round table discussion on 15 July 1996;

- Developing countries may wish to accede voluntarily to particular policies and measures. In this connection, consideration should be given to questions of finance and technology transfer;

- The elaboration of policies and measures on the one hand and QELROs on the other are closely linked;

- Particular policies and measures may tend to support or undercut one another. Such linkages and interactions need to be taken into account;

- If lists of policies and measures are to be included in the protocol or another legal instrument to be adopted by COP 3, the lists must be easily amendable, in order to take account of new circumstances;

- The elaboration of policies and measures should be undertaken through a transparent, open process. In this regard, suggestions were made that the work of the Annex I Expert Group should be made available to all participants in the AGBM.

8. In concluding, I would like to emphasize that this report is not a comprehensive summary of every point made during the round table, but instead attempts to give a general flavour of the very rich and constructive discussion that took place.

II. Report by Mr. Dan Reifsnyder, Chairman, informal round table on quantified emission limitation and reduction objectives

1. I am pleased to be able to report on the results of the informal round table on QELROs. At the third session, the AGBM welcomed the offer by the Chairman to convene the round table, with a view to helping the fourth session achieve a more focused discussion on QELROs. The round table was held on 12 July 1996, and was attended by a large number of delegates and observers.

2. The round table benefitted from the input of six panellists: Mr. V. Berdin, Russian Federal Service for Hydrometeorology and Environmental Monitoring; Ms. B. de Castro-Muller, Permanent Mission of the Philippines to the United Nations, Geneva; Mr. B. Fisher, Executive Director, Australian Bureau of Agricultural and Resource Economics; Mr. T. Shibata, Permanent Mission of Japan to the United Nations, New York; Ms. C. Quennet-Thielen, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Germany; and H. E. Mr. T. Slade, Ambassador and Permanent Representative of the Independent State of Western Samoa to the United Nations, New York.

3. The round table was organized around several key questions. Each question was addressed in short presentations by panellists, which were followed by general discussion. The first question asked **what should be the level or levels of emission limitation and reduction?** Panellists agreed on the need for Annex I limitation and reduction efforts, reminding the round table of existing proposals but noting the inherent difficulties. It was, however, highlighted that even the best efforts of Annex I Parties would not lead to a stabilization of global emissions. The discussion acknowledged that the determination of eventual QELROs would, while informed by science and economics, be politically based.

4. The second question raised was **whether or not eventual quantified objectives should be legally binding or non-legally binding (e.g. "aims")?** A number of panellists argued that legally binding commitments would be more credible, could help build confidence, could send desirable signals to the marketplace, and were required for competitiveness reasons. Binding commitments could coexist with flexibility, as is currently the case with Article 4.6 of the Convention. Other speakers favoured an indicative target, which would be more easily negotiated than legally binding commitments. An indicative target could potentially be combined with a review mechanism or with legally binding policies and measures, though caution was urged that any discussion of whether or not commitments should be legally binding may be premature when the quantified objectives themselves had yet to be determined. The final determination on these matters will need to weigh:

- the advantages of achieving legally binding commitments, versus the relative ease of adopting "aims";

- the level of the eventual target adopted, versus the level of likely participation.

A final determination would also need to consider mechanisms for the monitoring of compliance, and for enforcement.

5. The third question asked **whether commitments should be multi-Party obligations, single Party obligations, or a combination?** There was general agreement among panellists that single party obligations were to be preferred. While a multi-Party approach could be attractive in, for example, setting an overall objective for Annex I Parties, it would ultimately have to be negotiated into single party obligations.

6. Taking 1990 as the base year, panellists were asked to consider **what would be the most appropriate end year(s)?** There was discussion of the need for early action, which could be linked with objectives covering the medium and longer term. Delay, it was pointed out, could exacerbate the effects of climate change, possibly requiring greater abatement efforts, and delay might also send the wrong signals. It was pointed out that the selection of a single base year might overemphasize circumstances particular to that year.

7. The final topic elicited the most diverse views from both panellists and the floor. **Should differentiation among Annex I Parties be pursued within the time-frame of the Berlin Mandate? If so, how could the modalities be developed?** Differentiation, it was pointed out by several panellists, involved the determination of relevant factors, selection of criteria, and the weighting of such criteria. Negotiations on such factors could be difficult within the available time-frame. On the other hand, the round table heard that differentiation had the potential to achieve a more equitable and efficient outcome than a flat rate approach. Some participants urged that we aim beyond the current flat rate approach, even though highly developed differentiation was unlikely to be adopted under the Berlin Mandate.

8. The meeting heard several proposals for differentiation: energy efficiency per unit of gross domestic product (GDP); the cost of GDP foregone when undertaking abatement efforts; the marginal costs of abatement; and a flat rate reduction effort combined with full trading among Annex I Parties. It was also suggested that the emphasis should be on a process for differentiation, not on a particular outcome at this stage. Alternatively, the general basis for differentiation could be agreed, and included in a protocol or another legal instrument, with the details negotiated later. Other approaches to differentiation could also be developed, including activities implemented jointly and trading.

9. The round table aired a large number of important issues. Rather than summarizing the discussion further, I would prefer - perhaps somewhat provocatively - to convey my sense of the process now. On the matters under consideration, the Berlin Mandate process has identified the key issues. If we are to reach agreement on these issues by next year, we need by December to table, then negotiate, specific proposals.

10. In concluding, may I draw the AGBM's attention to the questions which I used to structure the round table. While the discussion was valuable in advancing our understanding on these issues, I believe the questions remain salient, and worthy of further consideration by all delegates and observers.

III. Report by Dr. Kilaparti Ramakrishna,** Chairman, informal round table on the possible impacts on developing country Parties of the new commitments to be negotiated for Annex I Parties

1. I am pleased to be able to report to you on the results of the informal round table on the possible impacts on developing country Parties of new commitments to be negotiated for Annex I Parties. The round table was convened in response to the level of concern expressed on this topic and the need, identified at AGBM 3, to explore such issues further.

** Director, Programme on Science in Public Affairs, The Woods Hole Research Centre, United States of America.

2. The discussion benefitted from the input of seven panellists: Mr. Mohamed Al Sabban, Economic Adviser, Ministry of Petroleum and Mineral Resources, Saudi Arabia; Mr. Evans King, Counsellor, Permanent Mission of the Republic of Trinidad and Tobago to the United Nations, New York; Dr. Antonio G. M. La Viña, Under-Secretary for Legal and Legislative Affairs and Attached Agencies, Department of Environmental and Natural Resources, Philippines; Dr. Luiz Gylvan Miera-Filho, President, Brazilian Space Agency; Dr. Irving Mintzer, Senior Research Scholar, University of Maryland, United States of America; Mr. Terry Thorn, Senior Vice-President, Enron Corporation; and Mr. Rene Vossenaar, Chief, Trade and Environment, International Trade Division, United Nations Conference on Trade and Development.

3. You will note from this list that one of the distinguishing features of this round table was participation of representatives from the non-governmental community, including myself. I hope delegates will agree with me that the inclusion of panellists from the non-governmental community helped to enrich and enliven the discussion.

4. The round table was structured around three key questions. To help initiate a lively and constructive discussion, the panellists were first invited to make short statements presenting some ideas on the questions. They were then given the opportunity to respond to each others' comments, before the floor was opened up for discussion.

5. The first question asked "**What would be the impact on developing country Parties of possible new commitments for Annex I Parties?**". On this issue, I suggested that participants consider both costs and benefits.

6. There was widespread consensus that developing countries would be affected by action taken by Annex I Parties to tackle climate change. There was, however, disagreement as to the extent of these impacts, and whether they would be positive, negative or both. The need to differentiate between long term and short term impacts was also emphasized.

7. Some participants cited a number of studies pointing to the costs which developing countries might have to bear as a result of action by Annex I Parties to reduce their emissions. These included loss of export revenue, especially for fossil fuel exporters, increased barriers to trade and deterioration in the terms of trade, and the spill-over effects of a possible slow down in global economic activity. In addition, Annex I Parties may also suffer negative effects as a result of shifts in the structure and location of economic activity, which could in turn affect aid flows to and imports from developing countries.

8. In contrast, other participants highlighted the potential benefits for developing countries of action to tackle climate change. Benefits mentioned included technological innovation and its transfer to developing countries, leading to greater efficiency, lower costs and reduced capital requirements. The positive effects of renewed global economic growth based on low-emission activity was also noted. Some speakers also mentioned that there may

be additional side benefits to policies addressing global climate change, particularly in terms of positive impacts on local scale environmental problems such as acid rain and air pollution.

9. A key theme emerging from the discussion was the high level of uncertainty concerning the economic and social impacts of climate change mitigation policies, not least because it is not yet clear what new commitments will be adopted for Annex I Parties. On this point, the relative merits and limitations of the use of models in predicting these impacts were debated. In order to ensure more productive debate in the context of uncertainty, some speakers stressed the need to move away from general discussion to address specific issues.

10. A number of participants emphasized the need to consider the different situations of non Annex I Parties. Whilst some countries may be able to diversify and respond to new opportunities, others may be restricted by lack of natural resources and heavy dependency on fossil fuels. Some speakers cautioned against overlooking the specific needs of the least developed countries, and of Africa in particular.

11. The second question broadened the discussion to ask **"How can the economic and social impacts of action by Annex I Parties be weighed against the economic, social and environmental costs of inaction?"**

12. In considering this issue, several participants noted the need to consider not just economic costs, but also unquantifiable impacts such as ecosystem degradation, biodiversity loss and cultural disruption.

13. Many speakers argued that, as developing countries are most vulnerable to climate change, the short term costs they might face as a result of Annex I emission reduction policies would be dwarfed by the greater long term negative effect of Annex I inaction. Several participants insisted that doing nothing was not an option. Some participants disagreed, suggesting that both the short and long term costs on developing countries of proposed action by Annex I Parties would far outweigh the environmental benefits achieved.

14. The third question encouraged participants to look forwards and asked simply **"where do we go from here?"** This question generated a variety of proposals and led the discussion on to wider related issues.

15. There was general consensus on the need to achieve equitable burden sharing through global cooperation in order to ensure that developing countries do not bear a disproportionate cost in tackling climate change. Many speakers pointed out that the Convention already provides for equitable burden sharing, including, for example, the principle of common but differentiated responsibilities and the provisions of Articles 4.8, 4.9 and 4.10.

16. In terms of potential measures to mitigate climate change, several panellists noted that Annex I Parties already have considerable flexibility in their policy options. Well-designed, cost-effective responses which stimulate technological innovation and promote improved efficiency can ensure that benefits are maximized and costs are minimized. In this context, the potential for no-regrets and low cost strategies was emphasized.

17. One panellist suggested the need for an independent, peer-reviewed study by a neutral body to analyse the potential impacts on developing countries of different possible actions by Annex I Parties.

18. Financial assistance was seen as an important factor in achieving equitable burden sharing. Some participants suggested that many Annex I Parties have not made sufficient progress in meeting their financial commitments under the Convention and several speakers also drew attention to the recent fall in overseas development assistance to developing countries. The importance of securing access for developing countries to global markets was also stressed, as was the need for technology transfer and enhanced capacity building.

19. Several speakers highlighted the potential for an improved system of activities implemented jointly to lower the costs and maximize the benefits of global action to deal with climate change, particularly through technology transfer. Some other proposals were also put forward, including a possible compensation fund for those developing country Parties likely to be negatively affected by the actions of Annex I Parties.

20. In conclusion, the round table discussed a wide range of issues and brought up a number of important questions. The high level of concern expressed during the session by different groups of developing countries pays testimony to the significance of the topic. There is a clear recognition that this issue needs to be further explored. The round table was useful and constructive in advancing our understanding of these complex questions.

Annex II

DOCUMENTS BEFORE THE AD HOC GROUP ON THE BERLIN MANDATE AT ITS FOURTH SESSION

FCCC/AGBM/1996/5	Report of the Ad Hoc Group on the Berlin Mandate on the work of its third session, held at Geneva from 5 to 8 March 1996
FCCC/AGBM/1996/6	Possible features of a protocol or another legal instrument: review of relevant conventions and other legal instruments
FCCC/AGBM/1996/7	Quantified emission limitation and reduction objectives within specified time-frames: review of possible indicators to define criteria for differentiation among Annex I Parties
FCCC/AGBM/1996/MISC.1/ Add.1, 2 and 3	Implementation of the Berlin Mandate: comments from Parties
FCCC/AGBM/1996/MISC.2 and Add.1	Implementation of the Berlin Mandate: proposals from Parties
FCCC/AGBM/1996/L.2	Draft report of the Ad Hoc Group on the Berlin Mandate on its fourth session

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